

FREQUENTLY ANSWERS AND QUESTIONS (FAQ)
ON BANK INDONESIA CIRCULAR LETTER NO.12/ 17 /DPM DATED
JULY 6, 2010 CONCERNING
STANDING FACILITIES

1. What are the background and purpose of the issuance of provisions concerning Standing Facilities?

The purpose of the issuance of provisions concerning standing facilities is to harmonize the usage of the term ‘standing facility instrument’ in monetary operations, which comprises supply of rupiah funds by Bank Indonesia to Banks (lending facility) and placement of rupiah funds by Banks with Bank Indonesia (deposit facility).

2. What does ‘standing facilities’ mean and what is the implementation mechanism?

Standing Facilities is the instrument used by Bank Indonesia for injecting liquidity (lending facility) and absorbing liquidity (deposit facility) in the money market, during 1 (one) business day-tenure (overnight). Application for standing facility shall be made through BI-SSSS, under the following mechanism:

- 1) Lending facility shall be provided by way of repurchase agreement (repo) of securities at the price and term agreed in a non-auction mechanism.

- 2) Deposit facility shall be provided through the placement of rupiah funds of standing facility participants with Bank Indonesia through a non-auction mechanism.

3. When does Bank Indonesia provide standing facility?

Standing facility is provided by Bank Indonesia on every business day, including Bank Indonesia's limited business days, with a window time from 16.00 until 18.00 Western Indonesia Time.

4. What kind of securities may be subject to repo for lending facility transactions and what is the provision on the amount of securities which may be subject to a repo?

Securities which may be subject to repo shall be Bank Indonesia Certificates and Sovereign Securities, with the maximum amount of the nominal value of securities held by the bank as recorded in the securities account.

5. What is the treatment on securities coupons subject to repo with Bank Indonesia?

In the event that the securities subject to repo bear coupons/returns, the right to receive such coupons/returns shall rest with the bank.

DPM